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1936
ONE HUNDRED
AND FOURTH
ANNUAL REPORT



YEAR ENDED
DECEMBER 31, 1936

MAY 24 1937

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1936
ONE HUNDRED
AND FOURTH
ANNUAL REPORT



YEAR ENDED
DECEMBER 31, 1936

DIRECTORS

PHILIP R. ALLEN, E. Walpole, Mass.	EDWARD S. FRENCH, Springfield, Vt.
ROGER AMORY, Boston, Mass.	JAMES GARFIELD, Cambridge, Mass.
LOUIS M. ATHERTON, Swampscott, Mass.	ALDUS C. HIGGINS, Worcester, Mass.
FRANK P. CARPENTER, Manchester, N. H.	ERNEST M. HOPKINS, Hanover, N. H.
HUGH J. CHISHOLM, Portland, Maine	LOUIS K. LIGGETT, Newton, Mass.
WILLIAM DEXTER, Lancaster, Mass.	ROY L. PATRICK, Burlington, Vt.
FAIRMAN R. DICK, New York, N. Y.	W. RODMAN PEABODY, Milton, Mass.
HARRY H. DUDLEY, Concord, N. H.	THOMAS N. PERKINS, Westwood, Mass.
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REGINALD FOSTER, Manchester, Mass.	J. DUNCAN UPHAM, Claremont, N. H.
WILLIAM D. WOOLSON, Springfield, Vt.	



OFFICERS

President and Chairman of Executive Committee	EDWARD S. FRENCH
Vice-President and Clerk of Corporation	ARTHUR B. NICHOLS
Vice-President — Finance and Accounting	W. S. TROWBRIDGE
Vice-President and General Manager	J. W. SMITH
Vice-President — Purchases and Stores	A. W. MUNSTER
Vice-President — Traffic	J. W. RIMMER
Treasurer	E. J. GALLAGHER
General Counsel	A. P. MACKINNON
Chief Engineer	A. H. MORRILL

Transfer Agent in Boston for all classes of stock, Old Colony Trust Company, 17 Court Street, Boston, Massachusetts.

Transfer Agent in New York for common stock, Guaranty Trust Company, 140 Broadway, New York City.

To the Stockholders of Boston and Maine Railroad:

On behalf of the Board of Directors there is submitted herewith the report for the year ended December 31, 1936.

ROAD OPERATED

Steam mileage operated December 31, 1936 — 1,975.66; a decrease of 21.57 miles during the year. Operations were discontinued on the Bristol Branch, 12.78 miles and on the Ashburnham Branch 2.59 miles. The Suncook Loop 6.99 miles was leased to the Suncook Valley Railroad. There was a net increase of 0.79 miles due to remeasurements.

INCOME ACCOUNT — CONDENSED

	1936	Increase or Decrease	Per cent
Operating Revenues	\$46,518,158 85	I \$2,897,110 41	6.64
Operating Expenses	36,003,612 69	I 3,454,337 23	10.61
Net Revenue from Operation	\$10,514,546 16	D \$557,226 82	5.03
Railway Tax Accruals	3,336,095 21	I 910,672 00	37.55
Railway Operating Income	\$7,178,450 95	D \$1,467,898 82	16.98
Equipment and Jt. Fac. Rents — Net Dr.	2,325,264 35	I 296,832 46	14.63
Net Railway Operating Income	\$4,853,186 60	D \$1,764,731 28	26.67
Other Income	1,128,931 54	D 23,304 56	2.02
Total Income.....	\$5,982,118 14	D \$1,788,035 84	23.01
Deductions:			
Rental Payments	\$1,251,516 23	I \$2,320 83	0.19
Interest on Debt	6,195,436 67	I 64,794 39	1.06
Other Deductions	189,348 13	I 5,795 70	3.16
Net Income (Deficit)	\$1,654,182 89	D \$1,860,946 76	—
Income Applied to Sinking Funds	\$235,648 75	I \$10,445 86	4.64
Balance (Deficit)	\$1,889,831 64	D \$1,871,392 62	—

OPERATING REVENUES

Freight Revenue was \$33,272,874.44, an increase of \$2,495,237.17, or 8.11%. Tons of freight carried during the year were 15,606,689, an increase of 1,303,614 or 9.11%.

Passenger Revenue was \$6,963,920.34, an increase of \$294,095.21, or 4.41%. Number of Local and Commutation Passengers carried increased 1,238,538, or 8.30%. Number of Interline Passengers carried increased 158,528, or 20.89%.

Mail Revenue decreased \$15,748.50, or 1.15%.

Express Revenue increased \$64,724.73, or 8.04%.

Milk Revenue decreased \$114,919.49, or 8.47%.

Other Transportation Revenue increased \$25,363.86, or 2.83%, of which \$24,101.35 was in Switching Revenue.

Incidental Revenue shows an increase of \$144,404.00, or 8.95%, of which \$13,383.54 was in Dining and Buffet Service, \$5,980.84 in Station and Train Privileges; \$5,237.96 in Grain Elevators; \$24,997.57 in electric current sold; \$14,148.42 in Rents of Buildings and Other Property; and \$89,981.13 in Miscellaneous Revenue; Freight Storage decreased \$9,078.46 and Demurrage decreased \$4,626.00.

(For detail of Income Account see pages 14 and 15.)

OPERATING EXPENSES

Expenses for Maintenance of Way and Structures increased \$1,731,323.80. There is included in this group of expenses \$1,628,021.22, representing the cost to December 31, 1936, of repairing the damage to tracks, roadbed, bridges and other railroad property caused by the floods of March, 1936. By agreement effective November 7, 1936, Maintenance of Way forces were guaranteed a minimum of four days' work per week, increasing expenses by approximately \$35,000 per month.

Maintenance of Equipment increased \$821,600.39. To repair equipment damaged by floods in March, 1936, cost \$94,799.30. To handle economically a greater volume of freight and passenger traffic it was necessary to condition adequate equipment and shops were operated 66 more days than in 1935.

Traffic Expenses increased \$63,105.78, due principally to an increase of \$57,395.42 in advertising expenses for snow and race track trains, streamline train, excursions, reduced passenger fares effective June 1, 1936, and participation in national advertising program of the Association of American Railroads.

Transportation Expenses increased \$802,997.63, of which \$230,044.11 was due to flood conditions. Increased volume of traffic, increase in cost of material and greater number of ice activated air conditioned passenger cars in service account for balance of increase. Efficiency at stations, in yards, and on road trains compared favorably with previous year, and despite the adverse influence of flood expense — ratio for Transportation expenses in cents for each dollar of gross revenue was 40.03 for 1936 as compared with 40.84 during 1935.

Miscellaneous Expenses decreased \$12,176.80.

General Expenses increased \$46,440.61.

(For detail of Operating Expenses see pages 16-18, inclusive.)

By reason of there having been restored to employees effective April 1, 1935, the balance of 5% of the 10% reduction in wages effective February 1, 1932, wages for the first three months of 1936 were greater by 5% than in the first three months of 1935.

Operating results are shown by the following tables of Operating Ratios and Freight Operating Efficiency Items:

OPERATING RATIOS

	1932	1933	1934	1935	1936
Maintenance of Way and Structures	12.21%	11.66%	12.42%	11.87%	14.85%
Maintenance of Equipment	15.47%	15.65%	13.79%	15.12%	15.95%
Traffic	1.89%	1.67%	1.69%	1.73%	1.76%
Transportation	38.34%	38.56%	40.48%	40.84%	40.03%
Miscellaneous Operations31%	.22%	.25%	.33%	.28%
General	4.85%	4.81%	4.60%	4.72%	4.53%
Railway Operating Expenses	73.07%	72.57%	73.23%	74.61%	77.40%

OPERATING EFFICIENCY — FREIGHT

	1932	1933	1934	1935	1936
Average net tons per train	608	644	681	680	721
Average car speed per day	22.3	22.6	25.2	26.3	27.4
Gross Tons per train	1,692	1,776	1,830	1,817	1,912
Gross Ton Miles per train hour	23,031	24,676	25,259	24,876	25,070
Pounds coal per 1,000 Gross Ton Miles.....	109	107	109	108	108
Net Ton Miles per car day	287	297	349	369	395

RAILWAY TAX ACCRUALS

Tax accruals for the year 1936 increased \$910,672.00. City and town taxes increased \$63,138.78, due entirely to an increase in 1936 tax rates. Taxes effective January 1, 1936, under the Social Security Act (Unemployment Insurance) were \$225,801.84, while taxes effective March 1, 1936, under Railway Retirement Act (Pensions) were \$647,925.20.

EQUIPMENT AND JOINT FACILITY RENTS

Equipment Rents increased \$295,198.51. The increase in volume of freight tonnage carried required use of more foreign equipment; per diem payments increased \$225,292.86, while mileage payments to owners of tank and refrigerator cars increased \$68,624.90. The rental for air conditioned Pullman cars increased \$34,864.

Joint Facility Rents increased \$1,633.95.

OTHER INCOME

Income from funded securities decreased \$13,890.50, due principally to 1936 accounts including one year's interest on North Station Hotel Building, Inc., Second Mortgage Bonds, while 1935 included seventeen months' interest.

FIXED CHARGES

Interest on funded debt increased \$70,153.86. Interest on Equipment Trusts 6, effective March 3, 1936, and 7, effective December 2, 1935, and interest on P. W. A. Loans increased \$182,859, which was partly offset by a reduction in interest payments account of bonds matured and installments paid on Equipment Trust Notes.

Interest on unfunded debt decreased \$5,359.47.

MISCELLANEOUS DEDUCTIONS FROM INCOME

Miscellaneous tax accruals decreased \$8,314.65, due to reduction in value of taxable property. Separately operated property-Loss increased \$16,096.66 by reason of payment to the Boston & Maine Transportation Company of 1936 deficit, which was offset many times in the Railroad's expense accounts through economies resulting from substitution by buses and trucks for unprofitable rail service.

NET INCOME

Deficit after all charges was \$1,654,182.89. The cost of repairing the damage to the property caused by the floods of March, 1936, together with the loss of revenue resulting therefrom, amounted in the aggregate to approximately \$3,000,000, of which approximately \$2,700,000 is reflected in the income account; if this expense and loss of revenue had not been suffered there would have been a substantial net income.

FEDERAL VALUATION

By an order of the Interstate Commerce Commission dated July 12, 1930, received February 13, 1931, the final value for rate-making purposes of the Boston and Maine System (excluding the St. Johnsbury & Lake Champlain Railroad and the Montpelier & Wells River Railroad) is fixed at \$230,897,118 as of June 30, 1914. This value brought up to date by adding the net Additions and Betterments since June 30, 1914, makes the value December 31, 1936, \$306,211,786. This does not include value of non-carrier property.

CAPITAL STOCK

The number of shares of Capital Stock of all classes outstanding December 31, 1936, including full-paid negotiable receipts for subscriptions to Prior Preference Stock, was 1,046,113 shares, of a par value of \$104,611,300.

Beginning January 1, 1934, and until January 1, 1940, holders of this Company's bonds of Series Q to GG, inclusive, have the right to exchange such bonds without limit for Prior Preference stock, dollar for dollar, in amounts of \$500 and multiples thereof.

CHANGES IN FUNDED DEBT

Funded Debt on December 31, 1936, amounted to \$153,037,093.30, an increase of \$2,616,013.76 since December 31, 1935. Of the total Funded Debt, \$32,822,000 is owned by the Railroad, leaving a balance of \$120,215,093.30 outstanding in the hands of the public.

New Issues:

B. & M. R.R. First Mortgage 5% Series MM Bonds due April 1, 1956	\$3,600,000 00
B. & M. R.R. Collateral Notes 4%, dated April 15, 1936	2,000,000 00
Contract — Electro Motive Corp., dated June 11, 1936	210,000 00

Total Increase	\$5,810,000 00
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Matured Funded Debt Paid Off:

B. & L. R.R. General Mortgage 5% Bonds due Mar. 1, 1936	\$1,250,000 00
Equipment Trust of 1922, 5½% Gold Certificates due Aug. 1, 1936	121,000 00
Equipment Trust No. 3, 6% Gold Certificates due June 1, 1936	141,000 00
Equipment Trust No. 4, 4½% Gold Certificates due Apr. 1, 1936	125,000 00
Equipment Trust No. 5, 5% Gold Certificates due May 1, 1936	114,000 00
Equipment Trust No. 6, 4% Trust Certificates due June 1, 1936	176,000 00
Equipment Trust No. 7, 3½% Trust Certificates due Dec. 1, 1936	300,000 00
Collateral Notes Series A 4% due Mar. and Sept. 15, 1936	102,000 00
Collateral Notes Series B 4% due Mar. and Sept. 15, 1936	248,000 00
Collateral Notes Series C 4% due June and Dec. 1, 1936.....	172,000 00
Contract — Pullman-Standard Car Mfg. Co.	428,577 95
Contract — New York State E.G.C. Hoosick, N. Y.	1,096 61
Contract — New York State E.G.C. Glenville, N. Y.	224 12
Contract — New York State E.G.C. Melrose, N. Y.	130 32
Contract — New York State E.G.C. Pittstown, N. Y.	1,108 52
Contract — Electro Motive Corp.	13,848 72

Total Decrease	\$3,193,986 24
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Net Increase, as above	\$2,616,013 76
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CHANGES IN UNFUNDED DEBT

Short-term loans were reduced during the year to \$13,129,874.63, and collateral deposited as security remains the same, \$7,500,000 Series KK 5% bonds, and \$17,500,000 Series LL 6% bonds. During the year a further liquidating distribution of \$313,722.89 (28%) was received from the Railroad Credit Corporation increasing the total distribution received to 68%, or \$761,898.39, reducing the net contributed fund under the Marshalling and Distributing Plan of 1931 from \$1,120,438.76 to a balance of \$358,540.37 due from the Railroad Credit Corporation. By the application of the liquidating distributions and a cash payment of \$32,663.98 the Railroad's loan from the Railroad Credit Corporation of \$855,000 was reduced to \$60,437.63.

OPERATING RESULTS

In the consideration of Operating Results the collateral effects of the flood conditions obtaining in March and April, and to a lesser extent in May and June, must be kept in mind. It is believed that without the operating handicaps occasioned by the floods, all operating indices of efficiency would have reached new heights.

However, notwithstanding all difficulties incident to the floods, a new high record of freight train operation was established during the year. The gross train load was 1,912 gross tons, 82 tons per train greater than the previous best record established in 1934. The unit consumption of fuel in freight train service was 108 pounds per 1,000 gross ton miles; this figure for the second half of the year was only 103.7 pounds. The latter was made possible by the relatively high train load during the same period that amounted to 1,952 tons.

The average net tons per train, which represents the paying freight, also established a new high record at 721 tons. The improvement in this efficiency factor evidences the successful effort to increase the earnings per train. This was accomplished by a reduction in empty car miles, and increases in the average car load as well as in the use of lighter-weight cars.

The "Average Per Diem Plan" that provided for a fixed rate of payment per car per month, entered into by this railroad on May 1, 1935, in conjunction with all other Class I railroads of the United States, was continued during the current year. One of the most beneficial results to be derived under such a plan is that of a reduction in empty car mileage. A slight improvement was made in this respect on the Boston and Maine, since the percentage of loaded car miles to total car miles in 1936 amounted to 69.8% as compared with 69.7% for the previous year.

Three new 600 horsepower Diesel switching locomotives were purchased and placed in service in the Boston Terminal the first of September, and as a result have reduced both labor and fuel costs in this switching district. Five such units are now in operation and have not only reduced operating costs, but due to their continuous use over the entire 24-hour period have displaced a correspondingly greater number of old type steam locomotives with high maintenance costs.

FREIGHT TRAFFIC

Freight revenue increased \$2,495,237.17, or 8.11% over the previous year, the total for 1936 being \$33,272,874.44.

These results reflect better business conditions which prevailed throughout the year, and with few exceptions the increase was quite generally distributed over all traffic.

In 1935 the Interstate Commerce Commission authorized moderate temporary increases in freight rates on certain classes of commodities. These increases expired by limitation on December 31, 1936, and the Commission declined to extend them. However, hearings are now being conducted by the Commission on petition of the railroads for permission to increase certain commodity rates which, if granted, will to some extent off-set discontinuance of the so-called emergency charges.

Pick-up and Delivery Service on less-car-load freight, which we inaugurated May 16, 1932, has now been extended, with the approval of the Interstate Commerce Commission, to most of the railroads throughout the country, and the arrangements under which we have been operating have been revised to conform with those of other carriers and the requirements of the Commission. The effect has been to broaden substantially the territory within which Pick-up and Delivery Service is provided. The new arrangements have not been in effect long enough to determine accurately the results.

A merchandise section has been established in the Freight Traffic Department to specialize in the handling of less-car-load freight and to coordinate the efforts of all agencies of the railroad having to do with the solicitation and movement of this class of traffic. Its objective is to reclaim to the rails merchandise traffic now moving over the highways by giving constant attention to improving service and meeting the requirements of shippers and receivers.

WATER-BORNE TRAFFIC

There has been a gratifying increase in the tonnage handled at our Boston piers during the year 1936, resulting largely from the improved business conditions which prevailed throughout the year.

The export movement of grain, while ahead of 1935, was small as compared with earlier years, due to crop shortages and lack of a foreign market. On the other hand, we have handled through our elevators a large amount of foreign grain, notably corn, for domestic consumption.

Commercial coal handled over our docks in 1936 exceeded that of 1935 by 3.6%.

PASSENGER TRAFFIC

Revenue from passenger operations increased \$294,095.21, or 4.41% over the previous year, the total for 1936 being \$6,963,920.34.

This result was accomplished despite a decrease during the early months of the year, due in part to the disruption of service caused by the floods.

By order of the Interstate Commerce Commission, fares were reduced on June 1st to 2c. per mile in coaches and 3c. per mile in Pullman cars, and the additional charge for travel in sleeping and parlor cars, known as the "Pullman Surcharge," which hitherto accrued to the railroads, was abolished. While the reduction in fares undoubtedly stimulated rail travel, steamship, highway and air travel also substantially increased during the same period, indicating that better business conditions played an important part in the improvement. It is noteworthy that despite the increased spread between the cost of traveling in Pullman cars and coaches, brought about by the order of the Commission, the number of passengers in sleeping cars since the new tariff became effective increased 18.3%, and in parlor cars, 1.2%. It is impossible, with but seven months' experience with the new fares, to determine their permanent effect on earnings.

We have continued our program of meeting modern travel requirements by improving equipment, renovating and air-conditioning coaches now in service, and purchasing twenty air-conditioned light-weight steel coaches. We have also conducted an aggressive advertising campaign to call attention to the greater comfort, convenience, economy and safety of travel by rail.

Milk revenue declined approximately 9%, due in part to our inability to give satisfactory service in the spring months because of flood conditions. During the last quarter there was an increased movement by rail, and the outlook for the future is more favorable.

FLOOD DAMAGES

In March, 1936, your company suffered severe losses from floods and subsequent temporary interruption of normal revenue-producing operations. Substantial damage to roadbed and structures, particularly on the Fitchburg and New Hampshire Divisions, and to a lesser extent on the Portland and Terminal Divisions, was occasioned by two phases of flood conditions, one following closely on the other. The first phase resulted from a winter which produced a heavy snow coverage and river ice of unusual thickness generally throughout New England, followed by heavy March rains and moderate temperatures. Beginning

on March 11th, and continuing through the 12th and into the 13th, heavy rain, accompanied by mild weather, caused a rapid melting of the snow, with a quick run-off over frozen ground. This caused a rapid rise in large and small streams and break-up of river ice, and the movement of the mass of ice down swift, swollen rivers caused most of the damage that occurred in the initial flood period. By noon of March 14th, 162 miles of main lines and 151 miles of branch lines, a total of 313 miles of road, were closed to operation; and by noon of March 17th, all of this mileage except 73 miles of branch lines had been restored to service.

Unfortunately, however, heavy rainfall commenced again on March 17th and continued through the 18th, 19th and 20th, causing an immense flow of water unprecedented in this section of the country. By noon of March 20th, 1,127 miles of our total of 1,997 miles of road were closed to operation. 479 miles were main lines and 648 miles were branch lines. A total of 43 bridges and culverts were damaged or destroyed, and major and minor washouts were numerous. Of the bridges damaged, 4 required complete rebuilding, 20 required major steel, masonry and timber repairs. Various culverts required repairs or renewal.

The labor of approximately 2,000 regular men and 2,500 extra men, aggregating approximately 1,758,000 man-hours, was required in repairing the damage; 2,219 work trains and a maximum of 35 units of heavy work equipment were operated; and 15,033 carloads, totaling 514,320 cubic yards of stone, gravel and cinders, were used for filling and riprap.

Of the total of 1,127 miles of road out of service at noon of March 20th, all except 76 miles of main lines and 261 miles of branch lines had been restored by noon of March 31st. All main lines were in operation on April 6th, and by May 1st the property was again in complete operation except for 74 miles which was considered for abandonment. Subsequently a part of this mileage was restored, leaving 33 miles which the Interstate Commerce Commission later authorized us to abandon.

The total out-of-pocket cost of the flood damage charged in the accounts to December 31, 1936, was \$2,316,105.36. To assist in financing this cost, a loan was secured from the Federal Public Works Administration in the sum of \$2,000,000 for which this company's 4% collateral notes were issued.

LEASED MILEAGE

On June 8, 1936, we leased to the Suncook Valley Railroad, an independent railroad operating from Centre Barnstead to Suncook, N. H., where it interchanged traffic with your company, our so-called Suncook Valley Branch, running from Bow Junction (mile post 71 + .3) on the New Hampshire Division to Hooksett, a distance of 6.99 miles. It is believed that the leasing of this branch to the Suncook Valley Railroad will strengthen that company's earning ability and increase its feeder-value importance to us.

The New Boston Railroad which extended from Parker to New Boston, New Hampshire, a distance of about 5 miles, was leased to this company on June 21, 1893, for a period terminating in 1992. Railroad traffic on this branch line had been steadily diminishing, and on December 28, 1934, the Interstate Commerce Commission authorized the abandonment of the line, and the tracks were removed. The rental payable by this company under the lease was \$2,800 per annum plus taxes. In order to terminate this obligation, this company acquired all the stock of the New Boston Railroad Company, the lease was cancelled, and necessary steps are being taken for the dissolution of the corporation. When this has been accomplished, the Boston and Maine Railroad will have totally eliminated an unprofitable operation and obligation.

ABANDONED MILEAGE

During 1936 the Railroad was authorized by the Interstate Commerce Commission to abandon operation of its Bristol Branch, 12.78 miles in length, between Franklin and Bristol, N. H. The Commission also authorized complete abandonment and retirement of tracks on the following lines:

Ashburnham Branch — from South Ashburnham to
Ashburnham, Mass., 2.64 miles
Lowell & Lawrence Branch — from Lowell to
Wamesit, Mass., 1.50 miles
Manchester and North Weare Branch — from Goffstown to
Henniker Jet., N. H., 17.00 miles

ADDITIONS AND BETTERMENTS

Under the provisions of the Federal Emergency Relief Appropriation Act, making available Federal assistance in the elimination of grade crossings, a considerable amount of such work was accomplished during the year. Crossings were eliminated by the construction of overhead bridges at Plaistow and Rockingham, N. H., Wells Beach, Me., and Waltham, Mass.; the construction of an underpass at Buskirk, N. Y., eliminated a dangerous grade crossing at that point, and crossings at Gardner, Mass., and East Kingston, N. H., were closed to highway traffic.

At the request of State authorities, and by the use of Federal funds, patented automatic highway barriers were erected by way of experiment at two crossings, one at Newmarket, N. H., and the other at Wayland, Mass.

Signal system changes involving lengthening of block sections, respacing of signals and introduction of new and additional aspects (color-light indications) have been made in certain locations to meet the requirements of increased tonnage of freight trains and increase in speed of both freight and passenger trains. The changes provide additional braking distances, indications of permissive speed to enginemen, and generally improve operation.

Substantial amounts of riprap have been placed to protect track embankments against possible future flood damage.

Stone ballast has been installed from Boscawen to Bow, N. H.

24 track bridges have been rebuilt, most of them because of flood damage to structures, to foundations or to both.

6 overhead bridges were renewed or altered.

A substantial amount of additional fill has been placed in the water area in Boston Terminal.

New or improved automobile unloading facilities have been furnished at various stations where necessary to insure the movement of the traffic by rail.

Adequate maintenance of engine terminals and of freight, passenger and yard facilities to give safe, convenient and expeditious service to shippers and consumers, has been continued.

Regulation of trucks and buses under the Federal Motor Carrier Act of 1935 is gradually becoming effective and there are indications that competition will be on a more open and fairer basis under regulation. Highway carrier rates were required to be filed with the Interstate Commerce Commission effective April 1, 1936. This has had the effect of making them public. So far, no important cases testing the propriety of the rate level have been decided.

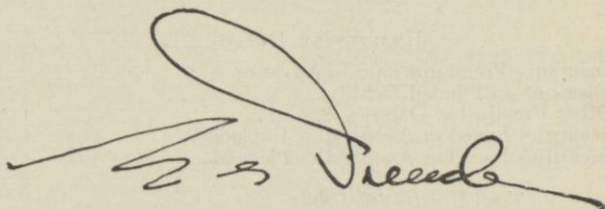
The matter of railroad taxes is before the Vermont Legislature. A bill has been filed to continue the rate of three-quarters of one per cent which was fixed by the Special Session of the Legislature in 1935. An appeal has also been taken asking for a reduction in the appraisal of the property of this company in that State.

Some months ago, a bill in equity to test the constitutionality of the Railroad Retirement Act and the accompanying tax act intended to provide revenue therefor was brought in the Supreme Court for the District of Columbia. The legislation was found unconstitutional and the taxing authorities were enjoined from making collections under the taxing act. Appeal has been taken to the United States Court of Appeals for the District of Columbia where the matter is now pending. It will be several months before a decision can be had in that Court, and still longer if the matter goes to the United States Supreme Court. The amount which the Railroad will be required to pay for the period March 1 (when the Acts became effective) to December 31, 1936, if these Acts are upheld, is \$647,925.20, all of which has been currently charged in 1936 accounts. Negotiations are being carried on between representatives of the Association of American Railroads and the employees to determine whether it is possible to agree upon a voluntary pension act for all railroad employees.

Several suits to test the constitutionality of the Federal Social Security Act are pending. A bill in equity was brought by a stockholder of the Boston and Maine Railroad in the United States District Court for the District of Massachusetts. The Act was sustained and the case is now pending on appeal in the United States Circuit Court of Appeals. The tax provisions of the Social Security Act applicable to unemployment benefits cost the Boston and Maine Railroad \$225,801.84 for the year 1936.

In recording the appreciation of the Directors for the continued cooperation and loyalty of the Railroad's personnel throughout the year, too much cannot be said for the splendid work performed during and immediately following the floods of last spring. The emergency called for courage and hard work, and both were given with a will. To the entire organization the Directors express their thanks, with particular commendation for the men giving so unselfishly of their time and effort during the trying days of the flood disaster and the difficult period of rehabilitation.

By order of the Board of Directors,

A large, stylized handwritten signature in dark ink, likely belonging to the President of the organization.

President.

February 23, 1937.

CONDENSED GENERAL BALANCE SHEET — Assets

	Dec. 31, 1936	Dec. 31, 1935
ROAD AND EQUIPMENT		
Investment in Road.....	\$185,868,571 02	\$185,385,282 09
Investment in Equipment*.....	54,212,220 72	55,838,060 82
<i>Total</i>	\$240,080,791 74	\$241,223,342 91
Improvements on Leased Railway Property†	17,340,439 02	17,113,709 47
Sinking Funds.....	5,068,499 53	4,810,057 20
Deposits in Lieu of Mortgaged Property Sold	54,923 93	56,822 26
Miscellaneous Physical Property	3,807,588 70	3,909,115 83
Investments in Affiliated Companies	4,848,616 22	5,148,553 64
Other Investments	2,431,208 57	2,387,514 13
<i>Total Investments</i>	\$273,632,067 71	\$274,649,115 44
CURRENT ASSETS		
Cash	\$4,721,811 25	\$2,781,006 49
Cash in Transit — Agents' Remittances	387,096 73	286,895 94
Time Drafts and Deposits	58,000 00	57,500 00
Special Deposits	31,066 73	465,948 75
Loans and Bills Receivable.....	431 21	392 64
Traffic and Car Service Balances Receivable	502,100 04	380,576 10
Net Balance Receivable from Agents and Conductors	776,161 26	621,222 75
Miscellaneous Accounts Receivable	1,763,627 45	1,755,280 33
Material and Supplies	4,191,939 88	4,779,103 83
Interest and Dividends Receivable	79,077 08	79,000 42
<i>Total Current Assets</i>	\$12,511,311 63	\$11,206,927 25
DEFERRED ASSETS		
Working Fund Advances	\$10,887 06	\$10,785 94
Insurance and Other Funds	35,000 00	35,000 00
Other Deferred Assets	1,367,112 15	1,379,026 50
<i>Total Deferred Assets</i>	\$1,412,999 21	\$1,424,812 44
UNADJUSTED DEBITS		
Insurance Premiums Paid in Advance	\$22,780 96	\$37,049 30
Discount on Funded Debt	3,049,137 44	3,142,546 91
Other Unadjusted Debits	3,217,742 89	4,396,000 66
Securities Issued or Assumed — Unpledged	856,500 00	234,500 00
Securities Issued or Assumed — Pledged	28,000,000 00	25,000,000 00
<i>Total Unadjusted Debits</i>	\$35,146,161 29	\$32,810,096 87
<i>Grand Total</i>	\$322,702,539 84	\$320,090,952 00

* Does not include equipment acquired from leased roads at inception of leases appraised at \$1,585,000.58.

† Does not include improvements on property of affiliated companies nor on leased roads when leases provide for current settlement.

CONDENSED GENERAL BALANCE SHEET — Liabilities

	Dec. 31, 1936	Dec. 31, 1935
CAPITAL STOCK		
Common Stock — 395,051 Shares	\$39,505,100 00	\$39,505,100 00
Preferred Stock — 31,498 Shares	3,149,800 00	3,149,800 00
First Preferred Stock — 388,179 Shares	38,817,900 00	38,817,900 00
Prior Preference Stock (Includes Negotiable Receipts)	23,138,500 00	23,138,500 00
<i>Total Capital Stock</i>	\$104,611,300 00	\$104,611,300 00
Stock Liability for Conversion	3,000 00	3,000 00
Premiums on Capital Stock	4,227,040 14	4,227,040 14
<i>Total Capital Stock and Premiums</i>	\$108,841,340 14	\$108,841,340 14
Grants in aid of Construction	\$17,252 22	\$17,252 22
LONG TERM DEBT		
Funded Debt Unmatured	\$152,720,500 00	\$149,869,500 00
Miscellaneous Obligations	316,593 30	551,579 54
<i>Total Long Term Debt</i>	\$153,037,093 30	\$150,421,079 54
CURRENT LIABILITIES		
Loans and Bills Payable	\$13,129,874 63	\$13,443,597 52
Traffic and Car Service Balances Payable	2,484,019 06	1,900,716 93
Audited Accounts and Wages Payable	1,838,648 70	1,653,666 14
Miscellaneous Accounts Payable	1,622,187 43	249,784 24
Interest Matured Unpaid	318,300 75	325,975 75
Dividends Matured Unpaid	13,734 06	15,411 81
Funded Debt Matured Unpaid	800 00	800 00
Unmatured Interest Accrued	1,440,443 61	1,451,569 59
Unmatured Rents Accrued	182,354 17	182,354 17
Other Current Liabilities	368 73	235 44
<i>Total Current Liabilities</i>	\$21,030,731 14	\$19,224,111 59
DEFERRED LIABILITIES		
Due to Leased Roads at Expiration of Leases	\$209,988 70	\$209,988 70
Other Deferred Liabilities	131,404 88	188,646 40
<i>Total Deferred Liabilities</i>	\$341,393 58	\$398,635 10
UNADJUSTED CREDITS		
Tax Liability	\$585,721 21	\$542,209 50
Insurance and Casualty Reserves	1,324,718 30	1,310,838 44
Accrued Depreciation — Road	187,894 69	183,405 73
Accrued Depreciation — Equipment	23,621,683 77	23,796,401 64
Accrued Depreciation — Miscellaneous Physical Property ..	638,859 16	662,294 60
Other Unadjusted Credits	450,518 50	368,634 81
<i>Total Unadjusted Credits</i>	\$26,809,395 63	\$26,863,784 72
CORPORATE SURPLUS		
Additions to Property through Income since June 30, 1907 ..	\$2,389,538 12	\$939,826 78
Funded Debt Retired through Income and Surplus	1,929,000 00	1,929,000 00
Sinking Fund Reserves	5,132,594 26	4,869,240 68
<i>Total Appropriated Surplus</i>	\$9,451,132 38	\$7,738,067 46
Profit and Loss — Balance	3,174,201 45	6,586,681 23
<i>Total Corporate Surplus</i>	\$12,625,333 83	\$14,324,748 69
<i>Grand Total</i>	\$322,702,539 84	\$320,090,952 00

BONDS GUARANTEED

The St. Johnsbury and Lake Champlain R.R. Co. First Mortgage 5% Bonds due March 1, 1944	\$1,328,000 00
Concord & Claremont, N. H., R.R. First Mortgage 5% Bonds, due January 1, 1944	500,000 00
The Peterborough and Hillsborough R.R. First Mortgage 4½% Bonds due July 1, 1941, owned by Boston and Maine Railroad	100,000 00
	\$1,928,000 00

INCOME ACCOUNT

	Year Ended Dec. 31, 1936	Increase or Decrease	Per cent
TRANSPORTATION REVENUE,			
Freight	\$33,272,874 44	\$2,495,237 17	8.11
Passenger	6,963,920 34	294,095 21	4.41
Excess Baggage	9,592 37	186 70	1.91
Mail	1,350,612 08	15,748 60	1.15
Express	869,897 29	64,724 73	8.04
Other Passenger Train	306,206 58	281 84	0.09
Milk	1,241,550 57	114,919 49	8.47
Switching	600,808 59	24,101 35	4.18
Water Transfers — Freight	5,339 79	1,167 37	27.98
<i>Total Transportation Revenue</i>	\$44,620,802 05	\$2,748,752 98	6.56
INCIDENTAL REVENUE,			
Dining and Buffet	\$60,784 98	\$13,383 54	28.23
Hotel and Restaurant	15,359 10	1,047 30	7.32
Station and Train Privileges	169,289 30	5,980 84	3.66
Parcel Room	15,828 11	2,144 31	15.67
Storage — Freight	66,423 43	9,078 46	12.02
Storage — Baggage	2,388 98	278 61	13.20
Demurrage	132,319 91	4,626 00	3.38
Telegraph and Telephone	15,580 73	908 78	6.19
Grain Elevator	66,510 29	5,237 96	8.55
Power	52,346 53	24,997 57	91.40
Rents of Buildings and Other Property	554,502 49	14,148 42	2.62
Miscellaneous	606,570 17	89,981 13	17.42
<i>Total Incidental Revenue</i>	\$1,757,904 02	\$144,404 00	8.95
Joint Facility — Cr.	\$140,364 27	\$3,181 33	2.32
Joint Facility — Dr.	911.49	772 10	45.86
<i>Total Joint Facility — Operating Revenue</i>	\$139,452 78	\$3,953 43	2.92
<i>Total Operating Revenues</i>	\$46,518,158 85	\$2,897,110 41	6.64
OPERATING EXPENSES,			
Maintenance of Way and Structures	\$6,910,059 35	\$1,731,323 80	33.43
Maintenance of Equipment	7,418,581 15	821,600 39	12.45
Traffic	819,638 02	63,105 78	8.34
Transportation	18,620,066 93	802,997 63	4.51
Miscellaneous Operations	130,416 45	12,176 80	8.54
General	2,107,619 62	46,440 61	2.25
Transportation for Investment — Cr.	2,768 83	1,045 82	27.42
<i>Total Operating Expenses</i>	\$36,003,612 69	\$3,454,337 23	10.61
<i>Operating Ratio</i>	(77.40%)	(2.79%)	3.74
<i>Net Operating Revenue</i>	\$10,514,546 16	\$557,226 82	5.03
TAX ACCRUALS	\$3,336,095 21	\$910,672 00	37.55
<i>Operating Income (carried forward)</i>	\$7,178,450 95	\$1,467,898 82	16.98

Italics indicate decrease.

INCOME ACCOUNT — *Concluded*

	Year Ended Dec. 31, 1936	Increase or Decrease	Per cent
<i>Operating Income (brought forward)</i>	\$7,178,450 95	\$1,467,898 82	16.98
Rent from Locomotives	33,686 01	4,936 65	17.17
Rent from Passenger Train Cars	310,586 50	49,548 34	18.98
Rent from Work Equipment	48,928 52	33,248 49	212.04
Joint Facility Rent Income	345,573 12	2,574 30	0.74
<i>Total Rent Income</i>	\$738,774 15	\$85,159 18	13.03
Hire of Freight Cars — Debit Balance	\$2,160,987 67	\$293,917 76	15.74
Rent for Locomotives	8,413 09	100 48	1.21
Rent for Passenger Train Cars	431,744 42	76,602 75	21.57
Rent for Floating Equipment	2,714 67	1,515 63	126.40
Rent for Work Equipment	14,658 21	10,795 37	279.47
Joint Facility Rents	445,520 44	940 35	0.21
<i>Total Rents Payable</i>	\$3,064,038 50	\$381,991 64	14.24
<i>Net Rents Payable</i>	\$2,325,264 35	\$296,832 46	14.63
<i>Net Railway Operating Income</i>	\$4,853,186 60	\$1,764,731 28	26.67
OTHER INCOME			
Income from Lease of Road	\$317,506 04	\$1,126 04	0.36
Miscellaneous Rent Income	318,253 80	7,109 73	2.19
Miscellaneous Nonoperating Physical Property	73,047 56	8,433 91	13.05
Separately Operated Properties — Profit	—	510 39	—
Dividend Income	60,298 50	16,903 75	21.90
Income from Funded Securities	117,081 73	13,890 50	10.61
Income from Unfunded Securities and Accounts	158,583 58	1,181 20	0.74
Income from Sinking and Other Reserve Funds	46,120 00	3,215 00	6.52
Miscellaneous Income	38,040 33	9,946 06	35.40
<i>Total Other Income</i>	\$1,128,931 54	\$23,304.56	2.02
<i>Total Income</i>	\$5,982,118 14	\$1,788,035 84	23.01
MISCELLANEOUS DEDUCTIONS FROM INCOME,			
Miscellaneous Rents	\$8,983 94	\$2,150 00	31.46
Miscellaneous Tax Accruals	46,176 30	8,314 65	15.26
Separately Operated Properties — Loss	16,096 66	16,096 66	—
Miscellaneous Income Charges	12,244 01	103 73	0.85
<i>Total Miscellaneous Deductions</i>	\$83,500 91	\$10,035 74	13.66
<i>Income Available for Fixed Charges</i>	\$5,898,617 23	\$1,798,071 58	23.36
FIXED CHARGES,			
Rent for Leased Roads	\$1,242,532 29	\$170 83	0.01
Interest on Funded Debt*	5,630,817 80	70,153 86	1.26
Interest on Unfunded Debt	564,618 87	5,359 47	0.94
Amortization of Discount on Funded Debt	114,831 16	2,090 04	1.79
<i>Total Fixed Charges</i>	\$7,552,800 12	\$62,875 18	0.84
<i>Net Income (Deficit)</i>	\$1,654,182 89	\$1,860,946 76	—
Income Applied to Sinking Funds	\$235,648 75	\$10,445 86	4.64
<i>Total Appropriations of Net Income</i>	\$235,648 75	\$10,445 86	4.64
<i>Balance Transferred to Profit and Loss (Deficit)</i>	\$1,889,831 64	\$1,871,392 62	—

*Interest amounting to \$190,666.25 for 1936 and \$177,005.39 for 1935 accrued on bonds of Boston and Maine Railroad held in Sinking Fund is included in account "Income Applied to Sinking Funds."
Italics indicate decrease.

OPERATING EXPENSES

	Year Ended Dec. 31, 1936	Increase or Decrease
MAINTENANCE OF WAY AND STRUCTURES		
Superintendence	\$427,081 64	\$17,762 82
Roadway Maintenance	1,081,950 75	711,312 23
Tunnels and Subways	19,112 44	2,797 00
Bridges, Trestles and Culverts	619,715 11	316,575 63
Ties	447,138 46	53,141 01
Rails	197,257 26	97,376 11
Other Track Material	231,647 28	4,212 87
Ballast	45,520 29	5,385 38
Track Laying and Surfacing	1,434,697 68	456,787 05
Fences, Snowsheds and Signs	33,686 26	20,104 78
Snow and Sand Fences and Snowsheds*	—	215 09
Crossings and Signs*	—	227,112 10
Station and Office Buildings	267,110 41	1,918 01
Station and Office Buildings — Depreciation	4,488 96	2,618 56
Roadway Buildings	23,814 83	4,386 43
Water Stations	51,710 65	12,845 52
Fuel Stations	23,183 70	3,270 30
Shops and Enginehouses	229,420 31	54,446 22
Grain Elevators	9,126 39	1,542 33
Storage Warehouses	805 96	82 74
Wharves and Docks	31,548 96	10,988 07
Coal and Ore Wharves	33,255 32	6,168 36
Telegraph and Telephone Lines	41,861 07	3,989 33
Signals and Interlockers	588,744 69	85,640 36
Power Plants	3,505 61	293 04
Power Substation Buildings*	—	481 22
Power Transmission Systems	43,495 84	35,864 68
Power Distribution Systems*	—	28,423 37
Power Line Poles and Fixtures*	—	9,774 09
Miscellaneous Structures	583 44	270 11
Roadway Machines	52,975 72	6,694 19
Small Tools and Supplies	115,735 86	40,136 76
Removing Snow, Ice and Sand	506,885 10	39,531 55
Public Improvements — Maintenance	119,820 43	119,737 18
Injuries to Persons	43,027 93	15,237 12
Insurance	46,389 47	884 92
Stationery and Printing	7,281 94	1,094 85
Other Expenses	575 60	392 05
Maintaining Joint Tracks, Yards and Other Facilities — Dr... ..	222,558 97	28,382 92
Maintaining Joint Tracks, Yards and Other Facilities — Cr... ..	95,783 72	34,496 39
Right of Way Expenses	128 74	128 74
<i>Total Maintenance of Way and Structures</i>	\$6,910,059 35	\$1,731,323 80
MAINTENANCE OF EQUIPMENT		
Superintendence	\$318,051 67	\$13,316 58
Shop Machinery	195,147 26	49,875 45
Power Plant Machinery	36,376 35	5,183 92
Power Substation Apparatus*	—	2,952 64
Steam Locomotives — Repairs	3,035,601 24	439,223 88
Other Locomotives — Repairs	65,558 14	5,024 82
Freight-Train Cars — Repairs	863,611 10	44,734 86
Passenger-Train Cars — Repairs	912,360 39	216,138 52
Work Equipment — Repairs	184,362 26	52,794 19
Miscellaneous Equipment — Repairs	10,990 90	1,237 11
<i>Maintenance of Equipment (carried forward)</i>	\$5,622,059 31	\$812,052 83

Italics indicate decrease.

*These accounts cancelled by Interstate Commerce Commission effective Jan. 1, 1936.

OPERATING EXPENSES — Continued

	Year Ended Dec. 31, 1936	Increase or Decrease
MAINTENANCE OF EQUIPMENT — Concluded		
<i>Brought Forward</i>	\$5,622,059 31	\$812,052 83
Equipment — Retirements	38,113 98	4,924 75
Equipment — Depreciation	1,626,175 01	6,793 04
Injuries to Persons	42,424 38	2,611 23
Insurance	26,557 18	85 77
Stationery and Printing	5,573 29	297 41
Other Expenses	1,211 19	135 33
Maintaining Joint Equipment at Terminals — <i>Dr.</i>	59,879 37	13,763 37
Maintaining Joint Equipment at Terminals — <i>Cr.</i>	3,412 56	254 80
<i>Total Maintenance of Equipment</i>	\$7,418,581 15	\$821,600 39
TRAFFIC		
Superintendence	\$321,401 14	\$4,861 71
Outside Agencies	262,506 84	1,466 98
Advertising	150,194 68	57,395 42
Traffic Associations	23,762 54	1,514 24
Industrial and Immigration Bureaus	12,709 74	589 22
Insurance	334 51	8 96
Stationery and Printing	48,721 67	415 41
Other Expenses	6 90	117 68
<i>Total Traffic</i>	\$819,638 02	\$63,105 78
TRANSPORTATION		
Superintendence	\$485,225 54	\$9,976 97
Dispatching Trains	191,157 23	2,856 52
Station Employees	2,928,158 92	128,493 60
Weighing, Inspection and Demurrage Bureaus	12,396 40	886 31
Coal and Ore Wharves	85,616 07	3,012 10
Station Supplies and Expenses	288,697 60	2,665 13
Yardmasters and Yard Clerks	435,261 00	8,888 00
Yard Conductors and Brakemen	923,458 08	58,974 50
Yard Switch and Signal Tenders	162,889 73	3,645 01
Yard Enginemen	571,173 35	39,019 30
Yard Motormen	282 10	1,467 38
Yard Switching Fuel	452,674 52	11,489 25
Water for Yard Locomotives	16,726 98	544 41
Lubricants for Yard Locomotives	13,311 34	2,945 64
Other Supplies for Yard Locomotives	8,108 80	756 98
Enginehouse Expenses — Yard	109,961 42	458 50
Yard Supplies and Expenses	49,894 36	917 61
Operating Joint Yards and Terminals — <i>Dr.</i>	938,290 59	24,842 08
Operating Joint Yards and Terminals — <i>Cr.</i>	179,597 72	5,537 47
Train Enginemen	1,821,504 49	88,878 64
Train Motormen	88,861 60	6,461 79
Train Fuel	2,896,845 87	209,765 66
Train Power Purchased	107,887 49	6,051 56
Water for Train Locomotives	131,716 59	4,304 76
Lubricants for Train Locomotives	74,607 75	7,234 33
Other Supplies for Train Locomotives	42,129 75	566 39
Enginehouse Expenses — Train	598,659 06	7,591 13
Trainmen	2,271,831 20	80,651 21
Train Supplies and Expenses	820,933 93	102,769 34
Signal and Interlocker Operation	454,823 86	13,878 17
Crossing Protection	670,724 60	2,908 14
Drawbridge Operation	23,829 68	23 27
Telegraph and Telephone Operation	41,950 99	1,369 96
Operating Floating Equipment	7,002 11	1,492 30
Stationery and Printing	92,774 19	7,006 58
Other Expenses	480,634 13	21,431 60
<i>Transportation (carried forward)</i>	\$18,120,403 60	\$784,460 67

Italics indicate decrease.

OPERATING EXPENSES — *Concluded*

	Year Ended Dec. 31, 1936	Increase or Decrease
TRANSPORTATION — <i>Concluded</i>		
<i>Brought forward</i>	\$18,120,403 60	\$784,460 67
Operating Joint Tracks and Facilities — <i>Dr.</i>	26,026 99	5,760 82
Operating Joint Tracks and Facilities — <i>Cr.</i>	39,742 54	981 34
Insurance	17,577 26	279 43
Clearing Wrecks	37,453 22	14,073 88
Damage to Property	29,702 78	9,777 27
Damage to Live Stock on Right-of-Way	2,037 08	442 56
Loss and Damage — Freight	194,961 86	15,787 08
Loss and Damage — Baggage	1,397 59	453 40
Injuries to Persons	230,249 09	19,507 18
<i>Total Transportation</i>	\$18,620,066 93	\$802,997 63
MISCELLANEOUS OPERATIONS		
Dining and Buffet Service	\$87,658 37	\$8,640 20
Hotel and Restaurants	18,216 33	1,114 04
Grain Elevators	24,359 32	19,703 11
Other Miscellaneous Operations	182 43	15
<i>Total Miscellaneous Operations</i>	\$130,416 45	\$12,176 80
GENERAL		
Salaries and Expenses of General Officers	\$188,456 64	\$3,875 76
Salaries and Expenses of Clerks and Attendants	1,218,655 56	27,295 26
General Office Supplies and Expenses.....	104,915 66	4,923 49
Law Expenses	169,362 66	17,924 39
Insurance	1,094 94	82
Pensions	296,980 13	703 87
Stationery and Printing	41,899 50	329 32
Valuation Expenses	26,996 19	11,752 56
Other Expenses	38,845 41	1,110 35
General Joint Facilities — <i>Dr.</i>	20,847 33	2,688 55
General Joint Facilities — <i>Cr.</i>	434 40	—
<i>Total General</i>	\$2,107,619 62	\$46,440 61
Transportation for Investment — <i>Cr.</i>	\$2,768 83	\$1,045 82
<i>Total Operating Expenses</i>	\$36,003,612 69	\$3,454,337 23
<i>Ratio to Total Operating Revenues</i>	(77.40%)	(2.79%)

Italics indicate decrease.

PROFIT AND LOSS ACCOUNT, DECEMBER 31, 1936

Item	Dr.	Cr.
Balance, December 31, 1935 (Credit)	—	\$6,586,681 23
Profit on Road and Equipment Sold	—	50,088 87
Miscellaneous Credits	—	38,920 29
Debit Balance from Income Account for Year 1936	\$1,889,831 64	—
Loss on Retired Road and Equipment	1,381,776 40	—
Preliminary Engineering Expense on Projects Abandoned ..	75,360 44	—
Miscellaneous Debits	154,520 46	—
Balance December 31, 1936 (Credit)	3,174,201 45	—
<i>Totals</i>	\$6,675,690 39	\$6,675,690 39
<i>Balance to next year's account (Credit)</i>	—	\$3,174,201 45

ADDITIONS AND BETTERMENTS

Year Ended December 31, 1936

Road

1	Engineering.....	\$21,337	35
2	Land for Transportation Purposes	3,405	31
3	Grading	2,039,705	96
5	Tunnels and Subways	1,484	16
6	Bridges, Trestles and Culverts.....	237,397	69
8	Ties	5,714	82
9	Rails	13,702	68
10	Other Track Material	46,634	02
11	Ballast	50,834	91
12	Track Laying and Surfacing	7,927	46
13	Fences, Snowsheds and Signs.....	306	89
16	Station and Office Buildings	16,275	45
17	Roadway Buildings	1,236	09
18	Water Stations	107	01
19	Fuel Stations	2,553	41
20	Shops and Enginehouses	7,229	33
21	Grain Elevators	131	63
23	Wharves and Docks	12,291	04
26	Telegraph and Telephone Lines	129	89
27	Signals and Interlockers	18,971	38
31	Power Transmission Systems	3,575	39
37	Roadway Machines	6,533	79
38	Roadway Small Tools	100	00
39	Public Improvements—Construction.....	17,491	25
44	Shop Machinery	22,834	60
45	Power Plant Machinery	585	97

Equipment

51	Steam Locomotives	\$20,476	69
52	Other Locomotives	211,006	68
53	Freight Train Cars	269	90
54	Passenger Train Cars	93,071	28
57	Work Equipment	49,189	12
58	Miscellaneous Equipment	14,549	13
		388,562	80

General Expenditures

77	Other Expenditures	381	15
	<i>Total</i>	\$2,927,441	43

Credit:

Equipment Retired	\$2,014,402	90
Land Sold and Property Retired	1,824,964	86
	3,839,367	76

Net Charge to Additions and Betterments	\$911,926	33
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Distributed as follows:

Credited to Capital Accounts.....	\$1,142,551	17
Charged to Leased Roads	230,624	84
	\$911,926	33

Italics indicate credit.

Owned Road

** Owned by Railroad and pledged as collateral for loans. No interest accrued.

CAPITAL STOCK AND FUNDED DEBT OUTSTANDING

DECEMBER 31, 1936

Leased Roads

NAME OF ROAD AND DESCRIPTION	CAPITAL STOCK	
	Amount Outstanding	Dividend Rate (Paid as rental)
Nashua and Lowell.....	\$800,000 00	9 %
Stony Brook.....	300,000 00	7 %
Wilton.....	240,000 00	8½ %
Peterborough.....	385,000 00	4 %
New Boston.....	84,000 00	4 %
Concord and Portsmouth.....	350,000 00	7 %
Pemigewasset Valley.....	541,500 00	6 %
Northern.....	3,068,400 00	6 %
Vermont and Massachusetts.....	3,193,000 00	6 %
Troy and Bennington.....	150,800 00	10 %
Connecticut and Passumpsic Rivers — Preferred.....	2,500,000 00	6 %
Massawippi Valley.....	800,000 00	6 %
Vermont Valley.....	1,000,000 00	—
Sullivan County.....	500,000 00	—
Franklin & Tilton.....	265,600 00	—
Peterborough and Hillsborough.....	45,000 00	—
Newport & Richford.....	350,000 00	—
Concord & Claremont, N. H.....	412,400 00	—
<i>Total Capital Stock.....</i>	<i>\$14,985,700 00</i>	

FUNDED DEBT

	Bonds Outstanding	Date of Maturity	Rate
Peterborough and Hillsborough.....First Mortgage	\$100,000 00	July 1, 1941	4½ %
Peterborough and Hillsborough.....Second Mortgage	65,000 00	Apr. 30, 1887	No interest
Newport & Richford.....First Mortgage	350,000 00	Jan. 1, 1941	5 %
Connecticut and Passumpsic Rivers.....First Mortgage	1,900,000 00	Apr. 1, 1943	4 %
Concord & Claremont, N. H.....First Mortgage	500,000 00	Jan. 1, 1944	5 %
Vermont Valley.....First Mortgage	1,500,000 00	Oct. 1, 1940	4½ %
Sullivan County.....First Mortgage	357,000 00	Apr. 1, 1944	6 %
<i>Total Funded Debt.....</i>	<i>\$4,772,000 00</i>		

MILES OF ROAD OPERATED, DECEMBER 31, 1936

	Owened	Leased	Total
STEAM ROADS			
Main Lines.....	850 31	244 02	1,094 33
Branch Lines.....	595 18	190 33	785 51
Trackage Rights.....	—	95 82	95 82
<i>Total Road Operated.....</i>	<i>1,445 49</i>	<i>530 17</i>	<i>1,975 66</i>
Second Track.....	446 93	A 133 09	580 02
Third Track.....	4 40	B 5 53	9 93
Other Tracks.....	1,101 09	209 91	1,311 00
<i>Total Track Operated.....</i>	<i>2,997 91</i>	<i>878 70</i>	<i>3,876 61</i>

A Includes trackage rights, 17.62 miles.

B Includes trackage rights, .99 mile.

OPERATING STATISTICS

	Year Ended Dec. 31, 1936	Increase or Decrease
AVERAGE MILES OF ROAD OPERATED		
Freight service.....	1,965.34	22.39
Passenger service.....	1,639.72	75.07
<i>Total</i>	1,990.15	25.10
TRAIN MILEAGE		
Freight service (with locomotives).....	3,308,843	147,884
Passenger service (with locomotives).....	6,250,943	119,434
Passenger service (without locomotives).....	661,345	149,143
Work service.....	313,089	204,825
<i>Total train miles</i>	10,534,220	84,082
*LOCOMOTIVE MILEAGE		
Freight service.....	4,080,319	220,692
Passenger service.....	6,587,190	112,140
Train switching.....	396,654	23,531
Yard switching.....	1,963,014	94,934
Work service.....	354,167	211,510
<i>Total locomotive miles</i>	13,381,344	438,527
CAR MILEAGE		
Freight-Train Car Miles:		
Loaded.....	115,223,512	8,313,185
Empty.....	49,759,513	3,307,869
Caboose.....	3,423,505	202,786
<i>Total freight-train car miles</i>	168,406,530	11,823,840
Passenger-Train Car Miles:		
Passenger coaches.....	13,311,585	#
Sleeping and parlor cars.....	3,872,268	#
Club, lounge, dining and observation cars.....	284,339	#
Business cars.....	15,743	#
Mail, express, and baggage cars, and combination cars other than passenger.....	15,319,414	#
Combination passenger cars (mail, express, or baggage with passenger).....	4,145,843	#
<i>Total passenger-train car miles</i>	36,949,192	162,023
<i>Total transportation service car miles</i>	205,355,722	11,661,817
AVERAGES		
Operating revenues per mile of road.....	\$23,374.20	\$1,728.72
Operating expenses per mile of road.....	18,090.90	1,939.42
Net railway operating income per mile of road.....	2,438.60	845.32
Operating revenues per train mile.....	\$4.55	\$.33
Operating expenses per train mile.....	3.52	.37
Net railway operating income per train mile.....	.47	.17
Total Freight cars per revenue train mile.....	49.86	1.34
Loaded Freight cars per revenue train mile.....	34.82	1.00
Empty Freight cars per revenue train mile.....	15.04	.34
Total Passenger cars per train mile.....	5.35	.18

* Includes 267,562 electric locomotive miles, 3,480 tractor locomotive miles and 141,372 diesel locomotive miles.
 # Classification revised Jan. 1, 1936. Comparable figures for year 1935 not available.
 Italics indicate decrease.

TRAFFIC STATISTICS

	Year Ended Dec. 31, 1936	Increase or Decrease
FREIGHT		
Freight Revenue.....	\$33,272,874	\$2,495,237
Tons of revenue freight carried.....	15,606,689	1,303,614
Tons of company freight carried.....	1,133,216	14,816
<i>Total tons of freight carried.....</i>	<i>16,739,905</i>	<i>1,318,430</i>
Tons of revenue freight carried one mile.....	2,257,601,824	215,949,789
Tons of company freight carried one mile.....	112,613,437	3,811,399
<i>Total tons of freight carried one mile.....</i>	<i>2,370,215,261</i>	<i>219,761,188</i>
PASSENGER		
Passenger Revenue:		
Monthly commutation ticket passengers.....	\$693,513 34	\$31,670 44
All other commutation ticket passengers.....	1,032,001 66	144,113 98
Single fare ticket passengers (not including interline).....	3,196,546 40	391,512 34
Interline ticket passengers.....	2,003,588 00	157,044 08
<i>Total passenger revenue*.....</i>	<i>\$6,963,920 34</i>	<i>\$294,095 21</i>
Number of Passengers Carried:		
Monthly commutation ticket passengers.....	3,402,572	159,956
All other commutation ticket passengers.....	6,471,328	801,639
Single fare ticket passengers (not including interline).....	6,287,434	2,200,133
Interline ticket passengers.....	917,432	158,528
<i>Total number of passengers carried.....</i>	<i>17,078,766</i>	<i>1,397,066</i>
Number of Passengers carried one mile:		
Monthly commutation ticket passengers.....	74,514,564	2,783,812
All other commutation ticket passengers.....	58,083,744	7,407,770
Single fare ticket passengers (not including interline).....	153,495,912	46,542,578
Interline ticket passengers.....	84,213,012	16,214,091
<i>Total number of passengers carried one mile.....</i>	<i>370,307,232</i>	<i>52,505,087</i>
Number of passengers to and from Boston, including monthly ticket passengers....	15,351,707	960,883
AVERAGES		
Freight:		
Miles hauled — revenue freight.....	144.66	1.92
Tons of revenue freight per train mile.....	682.28	36.38
Tons of revenue freight per loaded car mile.....	19.59	.49
Revenue per ton of freight.....	\$2.13196	\$.01658
Revenue per ton per mile..... (cents)	1.474	.031
Revenue per revenue train mile.....	\$10.055	\$.319
Freight revenue per loaded car mile..... (cents)	28.876	.088
Passenger:		
Average distance carried per passenger (miles).....	21.68	1.41
Number of passengers per train mile.....	53.57	9.31
Number of passengers per car mile.....	17.36	2.30
Revenue per passenger..... (cents)	40.78	1.76
Revenue per passenger mile, monthly commutation ticket passengers..... (cents)	.931	.007
Revenue per passenger mile, other commutation ticket passengers..... (cents)	1.777	.017
Revenue per passenger mile, single-fare not including interline..... (cents)	2.082	.641
Revenue per passenger mile, interline passengers..... (cents)	2.379	.337
Revenue per passenger mile, all passengers.....*(cents)	1.881	.218
Passenger revenue per passenger car mile..... (cents)	32.648	1.043
Total passenger service train revenue per train mile.....	\$1.554	\$.090

Italics indicate decrease.

*Includes Parlor and Sleeping Car Surcharge.

**The figures and tables used in this report are
from the official records of the Railroad as reported
to the Interstate Commerce Commission.**
